

## CENTRAL INTELLIGENCE AGENCY

## INFORMATION REPORT

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SECURITY INFORMATION

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1. The East German chemical industry is being hampered by a shortage of coal. Gerhaus Chemie in Dessau, one of the most important plants in the VVB-Organa (VVB for organic chemistry)<sup>1</sup> has been shut down for 14 days because of lack of coal, and at least 10 middle-sized and small works in the Organa have also been forced to stop work. A so-called '10 day plan' (Zehntagenplan) for regulating coal deliveries has been announced, but has not yet been applied.
2. The chemical plants are also currently suffering from a shortage of sugar, which causes difficulties, especially in the manufacture of cough medicines.
3. After coal and sugar, research suffers most from a shortage of paper. There is often a lack of labels. Materials are prepared and ready, but cannot be distributed because there are no labels to designate them properly.
4. The next important shortage is acetic anhydride, however, this is expected to be overcome in the next few months, although it is uncertain how much will be available for export if East Zone requirements are filled first.
5. There is a shortage of "sykromal" (sic) tubes<sup>2</sup>, for which reason poorer quality tubes are used which give poorer performance and require more frequent replacement. It is not known if the poorer quality tubes are made in the East Zone.
6. Lately, there has been a severe shortage of hormones, both synthetic and natural. Synthetic hormones cannot be manufactured because the basic research work is lacking. Even though manufactured according to standard methods, they have to be tested in the laboratories, where trained personnel is lacking. Synthetic hormones were formerly imported from West Germany.
7. Another product in extremely small supply is phenacetin; this production depends upon the supply of acetic anhydride. The plant at Grünau is driven to its limit. The Chemische Fabrik von Heyden, Radebeul-Dresden, started up about the middle of the year. Heyden does not work with acetic anhydride, but by another process. Details of this process are not known, but it is reported to be more costly.

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8. It was reported in December 1952 that the funds allocated for chemical research in East Germany would be reduced from five million to one million DM. However, the fund has since been increased again, because it was found urgently important to maintain research. Research funds provided for the first quarter of 1953 are now about three million DM.
9. There is no political (SED) interference with the researchers. They are left almost completely alone and are not interrupted to receive political instructions; in fact, they are almost isolated. The chief troubles researchers encounter arise from the extremely bureaucratic organization of the work, especially the complicated, minute and repetitious accounting required upon which the further allowance of funds depends. This represents a contrast with 1948, when researchers had plenty of funds at their disposal and could select their own projects. Now, the projects are proposed by the researchers, but they are coordinated with a ministerial office.
10. Pharmaceutical research is concerned with agricultural problems only for developing means of combatting pests. This production is scheduled to be greatly increased in 1953, an increase which will be difficult to achieve, because DDT material and chloral are not available in sufficient quantity. The bottleneck in kaolin has been overcome.
11. Nothing more has been heard in the research department about the project for large scale production of respiratory gas masks. Interest in the subject appears to have subsided completely.
12. Morphine and other opiates are produced only in quantities adequate for requirements. There is no indication of their being stored. Production of codeine, for example, is about 170 kg per month all of which is utilized; about 25 to 30 kg each month is reserved for export to Czechoslovakia and Poland. Morphine is distributed only on and by so-called official requisitions, which amount for two to three million ampules. These go to Korea, according to all reports. They are shipped by land to the Soviet Union.
13. There has been talk about deliveries to the Volkspolizei, but only insignificant quantities have been delivered. Everything in this connection is kept so secret, for fear people will draw conclusions about the numbers of the Volkspolizei, that the industry itself does not know what it will be called upon to deliver in 1953. The same applies to the national army. Planung Chemie has been told to expect requisitions, but has been given no indications of quantities or types.
14. A new process of codeine manufacture has been developed, in which refined morphine is not used, but the codeine is made directly from raw morphine. A new method of extracting the morphine from the poppy leaves is employed. The extraction is done by VEB Chemische Fabrik Reichenbach (formerly VVB Pharma) in Vogtland, and the further processing by the Arzneimittelwerk in Dresden.
15. The streptomycin plant at Jena will not be ready to operate this year, on account of shortages of materials. Streptomycin is being produced instead by semi-technical methods and in laboratories.
16. Export plans for pharmaceuticals will look chiefly toward trade with the other people's democracies, rather than the world market. These countries also have their own plans, however, for exporting to East Germany. Hungary, for example, has as much capacity to produce synthetic caffeine as has Poland and East Germany. The sleeping drug, solyphom, is one product of which there is a considerable production available for export. Eventually it is intended to sell it on the world market, when production increases to where it can compete at world prices. Synthetic caffeine, produced by Chemische Fabrik von Heyden, Radeburg-Dresden (formerly VVB Alcid) is another such product.
17. Aside from hormones, the only goods the pharmaceutical industry finds it necessary to import from West Germany from time to time are small quantities of laboratory chemicals. The industry in East Germany has made great advances during the past year, and it is expected that the existing bottlenecks will be cleared by the third and fourth quarters of 1953.

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18. The pharmaceutical industry is not engaged in the production of war materials. It does, however, have difficulties in connection with materials which might possibly be turned into war materials in the chemical sense, such as phosgene. The Russians appear to be making great efforts to keep down all war material production in the East Zone. The plants are trying to develop processes which will circumvent such difficulties.

25X1A 1. [REDACTED] Comment: On 15 June 1952 VVB Organa was merged with VVB Aohlewertstoffe and VVB Sapotex to form VVB Organisch-Chemische Industrie.

25X1A 2. [REDACTED] Comment: [REDACTED] mentions that Afga-Wolfen needs "Synchromal" pipe, which is made of siliceous chrome and manganese. This report also indicates that the manufacture of acetic acid anhydride depends upon this pipe. 25X1A

25X1A 3. [REDACTED] Comment: Barbiturate tablets called "Kalypnax" produced by Chemische Fabrik von Heyden, Radebeul-Dresden are reported in [REDACTED]

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